

REG-EAG Inc EAG Inc - Irrevocable underta

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EAG Inc

18 August 2008

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FOR IMMEDIATE RELEASE

18 August 2008

Receipt of irrevocable undertakings in connection with the

Increased Offer
for EAG Limited
by EAG, Inc.,
a company formed at the direction of
Odyssey Investment Partners Fund III, LP

Further to the announcement made by EAGI on 13 August 2008 in relation to the Increased Offer to be made by EAGI for EAG (the "Increased Offer Announcement"), EAGI is pleased to announced that it has received further irrevocable undertakings to accept the Increased Offer in respect of a total of 10,902,249 EAG Shares, representing, in aggregate, approximately 16.3 per cent. of EAG's existing issued share capital, comprised of the following:

* Pursuant to the letter of intent entered into by American Capital Strategies, Inc ("ACSI") and disclosed in the Increased Offer Announcement, ACSI has granted an irrevocable undertaking in favour of EAGI, in respect of the 8,275,000 EAG Shares which ACSI holds and which represents approximately 12.4 per cent. of the existing issued share capital of EAG. This undertaking will cease to be binding on ACSI in the event that a person other than EAGI (or any subsidiary or person acting in concert with EAGI) announces a firm intention to make an offer (or revised offer) at a price which represents, at the date of such firm intention announcement, an improvement in the Increased Offer Price.

* An irrevocable undertaking from Carlyle Multi-Strategy Master Fund, Ltd ("CMMF") in respect of a total of 2,587,249 EAG Shares which CMMF holds and which represents approximately 3.9 per cent. of the existing issued share capital of EAG. This undertaking will lapse in the event that the Increased Offer is not made, or, once made, lapses or is withdrawn. CMMF has now accepted the Increased Offer pursuant to the terms of that undertaking.

* An irrevocable undertaking from the Colvard/Kleinfeld Trust ("Colvard") in respect of a total of 40,000 EAG Shares which Colvard holds and which represents less than 0.1 per cent. of the existing issued share capital of EAG. This undertaking will cease to be binding in the event that the Increased Offer lapses or is withdrawn or in the event that prior to the seventh day after the posting of the Increased Offer Document, a third party announces a firm intention to make a cash offer (whether such cash offer is recommended or otherwise), or to revise an existing offer to acquire the whole of the issued share capital of EAG not already owned by such third party at a premium to the

value of the Increased Offer which is not matched by EAGI within 14 days of the announcement of the competing cash offer.

Accordingly, taking into account the irrevocable undertakings referred to above, EAGI has, in aggregate, received outstanding irrevocable undertakings to accept the Increased Offer or acceptances of the Initial Offer in respect of, or is a party to Contribution and Subscription Agreements to acquire, a total of 45,794,233 EAG Shares, representing approximately 68.6 per cent. of the existing issued share capital of EAG.

Terms used, but not defined, in this announcement shall have the same meanings given to them in the Increased Offer Announcement.

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Credit Suisse, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for EAGI and no one else in connection with the Increased Offer and will not be responsible to anyone other than EAGI for providing the protections afforded to its clients or for providing advice in relation to the Increased Offer or in relation to the matters described in this announcement or any transaction or arrangement referred to herein.

This announcement is not intended to and does not constitute or form any part of an offer to sell or an invitation to purchase or subscribe for any securities or the solicitation of an offer to purchase or subscribe for any securities pursuant to the Increased Offer or otherwise. The Increased Offer will be made solely through the Increased Offer Document and the New Form of Acceptance, which will together contain the full terms and conditions of the Increased Offer, including details of how to accept the Increased Offer. Any acceptance or other response to the Increased Offer should be made only on the basis of the information contained in the Initial Offer Document, the Increased Offer Document, the Form of Acceptance and the New Form of Acceptance.

The release, publication or distribution of this announcement in jurisdictions other than the UK and Jersey may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the UK and Jersey should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. This announcement has been prepared for the purpose of complying with the laws of the UK and Jersey and the information disclosed herein may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the UK and Jersey.

The Increased Offer will not be made, directly or indirectly, in or into, and the Increased Offer will not be capable of acceptance from within, Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. Accordingly, copies of this announcement are not being, will not be and must not be mailed or otherwise forwarded, distributed or sent in, into or from Canada, Australia or Japan or any other such jurisdiction if to do so would constitute a violation of the

relevant laws of such jurisdiction. Any persons (including without limitation custodians, nominees or trustees) receiving this announcement must not mail, forward, distribute or send it in, into or from Canada, Australia or Japan or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction.

This announcement, including information included or incorporated by reference in this announcement, may contain "forward-looking statements" concerning the Increased Offer, EAGI and the EAG Group. These statements are based on the current expectations of the management of EAGI and are naturally subject to uncertainty and changes in circumstances. Generally the words "will", "may", "should", "could", "would", "can", "continue", "opportunity", "believes", "expects", "intends", "anticipates", "estimates" or similar expression identify forward looking statements. Forward-looking statements involve risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the companies' abilities to control or estimate precisely, such as future market conditions and the behaviours of other market participants. These factors include the satisfaction of the conditions to the Increased Offer, as well as additional factors, such as: local and global political and economic conditions; significant price discounting by competitors; changes in consumer habits and preferences; foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline); legal or regulatory developments and changes; the outcome of any litigation; the impact of any acquisitions or similar transactions; competitive product and pricing pressures; success of business and operating initiatives; and changes in the level of capital investment. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Given these risks and uncertainties, undue reliance should not be placed on forward-looking statements as a prediction of actual results. EAGI assumes no obligation and does not intend to update these forward-looking statements whether as a result of new information or otherwise, except as required pursuant to applicable law and regulation.

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